



STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM

**From The Office Of State Auditor
Claire McCaskill**

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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2000

www.auditor.state.mo.us

During fiscal year 1995, the state began discussing the need to replace the old accounting system (SAM) with a new integrated accounting system. The state decided to purchase a software package from a vendor that would be upgraded periodically. In addition, the State of Missouri wanted an integrated system that would incorporate various areas such as accounting, budget, payroll, procurement, fixed assets, leave accrual, etc.

The state issued a request for proposal to obtain bids for a new accounting system. In April 1997, the state awarded the contract to American Management Systems. On July 1, 1999, SAM II was implemented as the state's accounting system.

The state began using a new accounting system (SAM II) in fiscal year 2000. We audited the new accounting system to determine if the controls within the new system were adequate and effective. Our audit noted various concerns, as follows:

- The reporting needs of various state agencies have not been met by the SAM II system. Over 69 percent of the users who responded to our survey indicated they were not satisfied with the standard reports generated by the new SAM II system.
- We reviewed two year-end reports (the Balance Sheet report and the Statement of Revenue and Expense report) and noted various errors that made the reports inaccurate and unreliable.
- With the new SAM II system, state agencies are suppose to file all supporting documentation, such as purchase orders, receiving reports, and vendor invoices, with the Office of Administration. However, the Office of Administration does not ensure that state agencies file all original supporting documentation.
- Although the Office of Administration requested all state agencies to submit an internal control plan, only three agencies had done so and the Office of Administration did not adequately pursue the other agencies to get their internal control plan submitted.
- Some state agency personnel were not following proper procedures in processing interagency transactions which caused these transactions to be recorded improperly.
- The Office of Administration did not give proper guidance to the state agencies about system security access.

(over)

YELLOW SHEET

- The Office of Administration did not perform timely reconciliations between the new SAM II system and the State Treasurer's records, which caused monthly financial reports to be issued late.

As part of the audit, we surveyed the state agencies to determine if the new system satisfied their needs. Highlights of the survey responses from state agencies are as follows, with more detail in Appendix II, which starts on page 19.

- There appears to be widespread dissatisfaction with the standard reports generated by the system.
- Although most state agencies are using the data warehouse, some users indicated the data warehouse was difficult to use and the cost to use it was too high.
- Most responses indicated the new SAM II system required more staff time to process transactions.
- We asked users to rate their level of satisfaction with the new SAM II system and the 81 users that responded to our survey rated the system an average of 5.7 out of a possible 10.

STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Roger B. Wilson, Governor
and
Richard A. Hanson, Commissioner
Office of Administration

We have audited the SAM II system implemented by the State of Missouri on July 1, 1999. The objectives of this audit were to:

1. Review certain management and system controls to determine the propriety, efficiency, and effectiveness of those controls.
2. Determine if the financial statements, reports, and data warehouse information available through the SAM II system are satisfactory and meet the needs of the users.
3. Survey applicable state departments regarding the efficiency and effectiveness of the SAM II system.

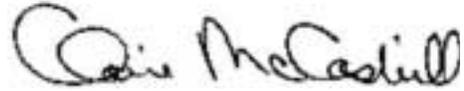
Our audit was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state and federal laws, interviewed applicable personnel, analyzed responses to surveys distributed, and reviewed certain records and documents.

As part of our audit, we assessed the Office of Administration's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management and systems controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying information presented in the appendices is presented for informational purposes. This information was obtained from the state's management and was not subjected to the procedures applied in the audit of the SAM II system.

The accompanying Management Advisory Report presents our findings arising from our audit of the SAM II system.



Claire McCaskill
State Auditor

August 17, 2000 (fieldwork completion date)

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MANAGEMENT ADVISORY REPORT SECTION

STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM
SUMMARY OF FINDINGS

1. Reporting (pages 6-8)

The standard reports provided by the SAM II system do not adequately meet the needs of some state agencies. Two reports reviewed were not accurate or reliable.

2. Workflow and Document Listing (pages 9-10)

The workflow system does not facilitate the approval of payment voucher documents. As a result, the compliance auditors have been using the suspense file to approve payment voucher documents, a procedure that circumvents the payment approval processes in SAM II.

3. Filing Supporting Documentation (pages 10-11)

The Office of Administration does not ensure state agencies file all original supporting payment documentation with the Office of Administration.

4. Internal Control Plans (pages 11-12)

State agencies have not filed their internal control plans with the Office of Administration.

5. Receivable Document Processing (pages 12-13)

The receivable document does not have adequate edit checks to ensure the accurate processing of interagency transactions. SAM II does not cancel interagency transaction purchase orders automatically.

6. Cash Receipt Payment Document Processing (page 13-14)

The cash receipt payment document does not have adequate edit checks to ensure the accurate processing of an interagency payment.

7. SAM II Access Procedures (pages 14-15)

The Office of Administration did not establish adequate controls to ensure security request forms were properly authorized before processing.

8. Reconciliations (page 16)

The Office of Administration did not prepare monthly financial summary reports on a timely basis.

STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Reporting

- A. Our surveys of state agencies indicated the reporting needs of various state agencies have not been met by the SAM II system. (See Appendix II for survey results) Some agencies indicated the standard reports generated by the SAM II system do not provide the detailed information needed for review of their transactions and for tracking their appropriations. In addition, some agencies indicated the information provided by the standard reports is organized in a format which is complex and confusing. SAM II is a fund based accounting system while SAM was an appropriation based system.

Many users indicated that reports are needed which include detailed information at the organization level and at the appropriation level. Many state agencies are unable to determine the current status of their appropriations. One agency indicated, "...We are three-fourths of the way through the fiscal year and have no real way to see where we are." The inability for agencies to evaluate their appropriation levels is a critical concern of many users. In addition, users indicated the formatting for standard reports is complex and not meaningful. As a result of inadequate reports, users are having difficulties reviewing reports for individual transactions. Some users indicated that although the SAM II standard reports provide adequate summary information, the information is difficult to analyze and understand what is included in these summary reports. Standard reports that provide significant detailed information regarding specific transactions are still needed. Many users also indicated the reports generated by the SAM II system are not similar to the previous reports produced by the SAM system. As one agency indicated, "...We were led to believe from the project that we would receive reports similar to what we were used to receiving. That turned out to be fiction..." Some agencies hired consultants to develop usable reports. The hiring of consultants was an additional expense incurred by these agencies.

In addition to the standard reports generated by the SAM II system, state agencies can generate reports from the data warehouse. The data warehouse enables agencies to query detailed information and to organize the information into the desired format. However, many users indicated that even though the data warehouse has the desired information, it is extremely difficult to obtain, download, and organize this information into a usable report.

As a result of complaints from the state agencies for more detailed and user friendly reports, a SAM II Data Warehouse/Reporting Information Technology Advisory Board (ITAB) Committee was formed. This committee was created to assist state

agencies in obtaining the information necessary for reporting purposes. The committee considered various agency needs and coordinated the development of three additional standard reports. Some agencies have indicated these three reports will be beneficial and will satisfy many reporting needs. The committee also encourages users to communicate with other users to determine successful data warehouse queries and the methods used in developing usable report information.

However, many survey responses received indicated the lack of adequate reports is the most important concern of users. The SAM II Data Warehouse/Reporting ITAB Committee has partially addressed this issue with the development of the three reports mentioned above. At the time of the survey, these three reports were still in the early implementation phase and agencies had not received or become familiar with these reports. Thus, survey responses indicated that many users were unable to obtain the necessary detailed information required for reporting purposes. One user indicated, "If the reports are not available, the system is useless. This needs top priority."

B. We reviewed the Comparative Balance Sheet By Fund report (F205) as of June 30, 2000, and the Statement of Revenue and Expense report (F140) for Fiscal Year 2000. Our review noted the following concerns:

1. The balance sheet for the General Revenue and the State Road funds did not balance as total assets did not equal total liabilities and fund equity.

For financial reporting purposes, total assets must equal total liabilities and fund equity. When this does not occur it is an indication of improperly recorded transactions.

2. An accurate statement of changes in fund balance could not be prepared for 19 of the 356 (5.3 percent) funds. The difference between calculated fund balance and the reported fund balance was \$92,290,033. The differences in these 19 funds ranged from \$(7,766,261) to \$84,614,374. An accurate statement of changes in fund balance is needed for financial reporting purposes. When this does not occur it is an indication of improperly recorded transactions.
3. An accurate statement of cash flows could not be prepared for 18 of the 356 (5.1 percent) funds. The difference between calculated cash balance and the reported cash balance was \$(13,302,986). The differences in these 18 funds ranged from \$(20,314,124) to \$11,587,147. Many of the differences were for the same funds indicated in 2 above. An accurate statement of cash flows is needed for financial reporting purposes. When this does not occur it is an indication of improperly recorded transactions.

4. We noted that accumulated depreciation was reported for six funds. However, four of these funds did not report a fixed asset amount and the other two funds reported a negative fixed asset amount. Accumulated depreciation is recorded as a reduction in the fixed asset amount and should only be reported when there are fixed assets. In addition, fixed assets should never be a negative number. These discrepancies indicate there are errors in the recording of fixed assets and accumulated depreciation.

From the errors indicated above, the Comparative Balance Sheet By Fund report as of June 30, 2000, and the Statement of Revenue and Expense report for Fiscal Year 2000 are not accurate and reliable.

WE RECOMMEND the Office of Administration:

- A. Continue to coordinate the development of reports to meet the reporting needs of the various state agencies.
- B. Determine the reasons for the inaccuracies in the SAM II reports and develop procedures to ensure the accuracy of reports.

AUDITEE'S RESPONSE

- A. *We concur. We did work with the ITAB Datawarehouse/Reporting Committee to develop and implement the three standardized reports identified in this finding. In addition, the ITAB Committee and the SAM II Steering Committee confirmed that these reports met the identified needs of systems users.*

While the system has 170 standard reports available, we are encouraging agencies to make use of the adhoc reporting capabilities of the system. We envision that in the future more information will be used and analyzed by adhoc reports than by standardized reports.

To move from a batch, paper document, cash basis accounting system to an on-line real-time accrual based accounting system has been a major undertaking and we expect we will continue to experience a considerable learning curve.

- B.1. *This error was caused by a human error when entering a transaction. This was corrected and these reports now balance.*
- 2&3. *These errors were the result of conversion errors in moving data from SAM I to SAM II. Cash balance amounts were loaded into the fund balance account. This was corrected and these reports now reflect correct totals.*
4. *These errors were caused when the payment voucher transactions to purchase the assets were entered incorrectly. The payment indicated that no asset record should be created.*

However, correct entries were made in the fixed asset subsystem. These errors were caught and corrected as part of preparation of the Comprehensive Annual Financial Report.

2.

Workflow and Document Listing

The SAM II workflow system routes documents from one user to another user to facilitate the processing and approval of various on-line documents. Included in the workflow system is a worklist which is a listing of all documents routed to a specified user. Each user has a unique worklist which identifies documents ready to be processed and approved.

Vendor invoices are processed using different types of on-line payment voucher documents. All payment vouchers except for automated payment vouchers and vendor payment vouchers require approval by the Office of Administration (OA) – Compliance Audit Section before payment is made. The on-line payment voucher documents are submitted to the compliance auditors from state agencies by the workflow system and the state agencies submit the original invoices to the compliance auditors for final approval of the payment voucher document.

The compliance auditors are not using the worklist in the workflow system to approve payment voucher documents. A large number of payment voucher documents from different state agencies are routed through the workflow system to the compliance auditors for the compliance auditors to approve the payment voucher document. However, the work list cannot locate payment voucher documents by using a specific document number. In addition, the worklist cannot be sorted to allow the compliance auditors to locate specific documents. To locate a document on the worklist, the compliance auditors must scroll through the listing of documents until the specific document is located. As a result, it takes a lot of time to search the worklist for specific documents needing approval. In order to locate documents quicker, the compliance auditors are using the document listing table which is also known as the suspense file (SUSF). However, the SUSF allows the compliance auditor access to documents before the documents have been processed and approved at the agency level.

The SUSF does not operate within the workflow system. The SUSF operates as a holding file storing documents from all workstations connected to the system. The SUSF stores documents until the documents are approved, completed or corrected. Compliance auditors are allowed access to the SUSF and use it to locate documents needing approval. The SUSF allows the compliance auditors to search by document number, document type, agency number, or fund number. However, by using the SUSF, compliance auditors have access to all documents, not just those documents pending approval from the compliance auditors. By not using the workflow system, which restricts the flow of documents to only the designated workstation, the OA compliance auditors could approve documents, which would generate a check to the vendor, before the documents have been reviewed and approved at the agency level. In addition, by using the SUSF the compliance auditors are circumventing the controls established with workflow in the SAM II system.

WE RECOMMEND the Office of Administration modify the workflow system to provide for the more efficient and timely location of documents by the compliance auditors and discontinue allowing the compliance auditors to approve documents from the SUSF.

AUDITEE'S RESPONSE

The ability of the worklist to be sorted to locate a specific document has been identified as a significant shortcoming to AMS and they are currently working on an enhancement to the baseline software. In the meantime, we have strengthened our procedures to reduce the chance of error when using SUSF.

3. Filing Supporting Documentation

The OA does not ensure the original supporting documentation is received from state agencies for Automated Payment Voucher (PVA) and Vendor Payment Voucher (P1) transactions. During our review of expenditures, the OA was unable to locate supporting documentation for 21 of 30 PVA expenditures reviewed (70 percent) and supporting documentation for 8 of 23 P1 expenditures reviewed (35 percent). In addition, one agency indicated it had not submitted supporting documentation for any PVA expenditures to the OA since the SAM II system was implemented.

Vendor invoices are processed using different types of payment voucher documents. The PVA documents are generated by the SAM II system as a result of the three-way match feature. According to SAM II policies and procedures, this feature provides the capability of generating payment vouchers automatically, provided the system has accepted the correct combination of the corresponding purchase order, receiving, and vendor invoice documents. When the required criteria has been matched on these three documents, a payment voucher is automatically generated. The P1 documents are payment vouchers which are prepared at the agency level. The P1 documents also reference a purchase order and vendor invoice, but is not an automatically generated payment voucher. Once the P1 document has been completed, the P1 will be approved and processed by designated personnel at the agency level and does not have to be approved by compliance auditors. Supporting documentation of expenditures is filed with the OA after the payment voucher documents have been processed and approved.

The OA is responsible for receiving all supporting documentation relating to PVA and P1 transactions. The OA will use a Data Warehouse query (payment document submission) to ensure supporting documentation for all PVA and P1 transactions has been submitted to the OA for filing. SAM II policies and procedures indicate the payment document submission query will be used by the agency and the OA to ensure all original supporting payment documents forwarded by the agency are physically present. In addition, SAM II policies and procedures indicate the OA will do a comprehensive verification of all submitted documents within three business days. If there are any discrepancies the agency will be contacted.

The OA indicated a monthly spot check is performed to verify that supporting documentation has been submitted for several expenditures before the documents are filed. However, not all expenditures are verified. In addition, as of May 2000, the payment document submission query had only been generated through December 1999 for the PVA documents and no review had been performed to ensure agencies submitted P1 documents to the OA. As of August 17, 2000, the payment document submission query had been generated through July 2000. However, the OA was still receiving documents dating back to July 1999. Therefore, it does not appear that a comprehensive verification of all documents is performed by the OA to ensure that all supporting documentation has been received.

SAM II policies and procedures indicate the OA has the primary responsibility of filing and archiving supporting documentation for most financial transactions. In addition, Section 33.060, RSMo 1994, indicates the Commissioner of Administration shall keep all vouchers, documents, and all papers relating to the accounts of the state, and Section 33.150, RSMo 1994, indicates the original of all accounts, vouchers, and documents approved or to be approved be kept by the Commissioner of Administration. Therefore, it is imperative for the OA to develop and follow procedures which will ensure supporting documentation for all expenditures has been submitted to the OA for filing.

WE RECOMMEND the Office of Administration develop and follow procedures to ensure supporting documentation for expenditures is received from the agencies and filed accordingly.

AUDITEE'S RESPONSE

We concur.

4. Internal Control Plans

Following the implementation of the SAM II system, state agencies were requested to submit an internal control plan to the OA. However, only three state agencies had submitted completed internal control plans as of August 17, 2000.

The instructions for the preparation of an agency internal control plan were distributed to state agencies in April 1999. Originally, internal control plans were to be submitted to the OA by October 1999. However, due to complications and increased workload associated with the implementation of the SAM II system, an extension was granted to January 2000. The OA had not received any internal control plans by January 2000 and extended the deadline to the spring of 2000 without setting an actual date for the submission of the internal control plans.

The state agencies are responsible for preparing the internal control plans and submitting the plans to the OA. The state agencies are also responsible for reviewing and evaluating internal controls on an annual basis and are required to report on the annual review to the

OA. The development of internal control plans by the state agencies will provide assurance that assets are being safeguarded, that applicable statutes, rules and regulations are being followed, and that the objectives of agency management are being met.

WE RECOMMEND the Office of Administration require all state agencies to submit internal control plans by a certain date and discontinue extending the deadline.

AUDITEE'S RESPONSE

We concur. We will meet with agency representatives and establish a workable deadline.

5. Receivable Document Processing
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The receivable (RE) document is used to record accounts receivable and interagency billings. In general, receivables are to be recorded in SAM II when the state has the right to an asset (cash) that has not been received.

The processing of an RE document results in a debit to accounts receivable and a credit to revenue. When cash is received for an applicable receivable, the cash receipt (CR) document will reference the RE document number and the system will debit cash and credit accounts receivable.

The RE document is also used to record interagency billings. When a RE document is used to bill another state agency, certain fields in the RE document must be coded correctly to ensure the transaction is accurately recorded. The net effect on cash when processing an RE document correctly for an interagency transaction is zero. A RE document for non-interagency transactions results in a cash increase. To ensure the proper recording of interagency transactions, the prefix IAB was added as the first three digits of the RE document number when processing an interagency billing. In addition to the IAB prefix, interagency revenue source codes were established to distinguish interagency revenue from non-interagency revenues.

Our review noted the following areas of concern:

- A. Users are not following SAM II policies and procedures for processing interagency RE documents. Since the RE document is used to code both interagency and non-interagency transactions, the SAM II system is unable to ensure the IAB prefix is indicated on the RE document for interagency transactions. It is the users responsibility to know when to manually add the IAB prefix and when to use the specified interagency revenue source code. The SAM II system does not provide an edit check to ensure IAB is coded in the first three characters of the document number when an interagency revenue source code is used or ensure an interagency revenue source code is used when IAB is coded in the first three characters of the document number. Without the IAB coding in the first three characters of the

document number, the SAM II system will not recognize the transaction as an interagency transaction and will not record the transaction correctly.

- B. For interagency transactions, the purchasing agency must manually cancel the purchase order generated by the SAM II system instead of being automatically liquidated, as the RE document does not include the purchase order document number. Without manually canceling the purchase order, the purchase order will remain on the SAM II system which causes reporting errors and understates the balance of remaining appropriations.

WE RECOMMEND the Office of Administration:

- A. Implement edit checks to ensure that agencies properly code the RE documents when processing interagency transactions by using IAB in the first three characters of the document number and to ensure that agencies use the interagency revenue source code.
- B. Change procedures for interagency transactions so that purchase orders will be liquidated automatically by the SAM II system.

AUDITEE'S RESPONSE

We have identified a number of problems associated with the interagency billing transactions and are considering elimination of the Cash Receipt Payment (CRP) transaction. We are exploring the possibility of using standard payment voucher transactions for the payment of interagency bills. Such an approach would use vendor information to identify transactions between agencies for financial reporting purposes.

6. Cash Receipt Payment Document Processing
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The cash receipt payment (CRP) document was a modification to the SAM II system and is used strictly to record payments for interagency billings. The CRP document is a clone of the SAM II cash receipt (CR) document consisting of the same fields. The CRP document is used to record both revenue and expense information. The CRP document references the interagency billing/invoice (RE) document and also records the expenditure accounting information for the billed/paying agency.

Our review noted the following areas of concern:

- A. Users are not following SAM II policies and procedures for the processing of CRP documents as users are not indicating IAB in the document prefix or entering the interagency bank account code. These two fields distinguish CRP documents from CR documents. Neither the IAB prefix nor the interagency bank account code populate the fields automatically for a CRP document. In addition, the CRP

document will accept any valid object or revenue source code in the SAM II system versus only accepting revenue source codes specific to interagency transactions. The CRP document does not have edit checks to ensure the above information has been entered correctly. Thus, interagency transactions are not being recorded correctly resulting in errors in the accounting records.

- B. In addition, the CRP document will process without referencing a valid RE document. When the CRP document is processed without referencing a valid RE document, the transaction will credit revenues instead of accounts receivables, overstating both revenues and accounts receivables. An edit check should be included on the CRP document to ensure a valid RE document is referenced.

WE RECOMMEND the Office of Administration:

- A. Modify the CRP document to populate the prefix IAB and the interagency bank account code automatically to ensure the proper processing of interagency billing transactions. In addition, the modification should ensure only interagency revenue source codes are used on a CRP document.
- B. Design an edit check to ensure a valid RE document is referenced on CRP documents.

AUDITEE'S RESPONSE

We have identified a number of problems associated with the interagency billing transactions and are considering elimination of the CRP transaction. We are exploring the possibility of using standard payment voucher transactions for the payment of interagency bills. Such an approach would use vendor information to identify transactions between agencies for financial reporting purposes.

7. SAM II Access Procedures

The Office of Administration (OA) controls access to the SAM II system. The OA grants access to the system based on security request forms completed by agency personnel. We noted the following concerns in the state's system security access procedures:

- A. The OA did not instruct the agencies and/or give the agencies any guidance on proper controls and procedures to establish access to the system. As a result, each agency had to establish their own procedures to control access. In addition, the OA did not require agencies to report their procedures to the OA; therefore, the OA does not know if agency procedures are proper and adequate.
- B. The OA did not coordinate the designation by each agency of which employees would serve as the agency's security liaison. For proper control and to be able to

manage security more effectively, each agency should use a designated security liaison. This would help ensure that agency access requests are authorized by a person who is familiar with the various SAM II security profiles. It would also give the OA a list of agency employees to contact to discuss security concerns.

- C. The OA did not require agencies to submit a list of personnel who can authorize security request forms. The OA left it up to each agency to decide who could make these authorizations. In addition, the OA does not have a listing of the individuals designated as authorized signatures. As a result, the OA cannot ensure the access that is being granted by the form was appropriately approved. The OA should review the forms to determine if they are signed by an authorized person.

- D. Although the OA maintains a system that documents security access levels at various times on a historical basis, the OA does not produce any security reports. Without reports, the OA and the agencies cannot effectively manage security profiles assigned to individual users. Each agency, as well as the OA, should review security profiles on a continuing basis. Instead of each agency implementing their own system to track security access levels, it appears it would be more efficient and effective if the OA used the system to generate security access information.

- E. The OA does not review security request forms for reasonableness or to identify incompatible profiles where too much access is granted to an individual. Although each agency may be ultimately responsible for security access, we believe the OA or the SAM II system should have certain controls and procedures at a centralized level to reduce the risk of inappropriate financial activity.

WE RECOMMEND the Office of Administration:

- A. Provide appropriate guidance to agencies about system security access.

- B. Require each agency to designate a security liaison.

- C. Help agencies identify appropriate personnel to authorize security request forms, maintain a list of authorized personnel and review the security request forms to ensure they are signed by an authorized person.

- D. Produce security access information for review by the OA and agency personnel.

- E. Review security request forms for inappropriate access.

AUDITEE'S RESPONSE

- A. *While we are sure additional instruction would be beneficial, limited resources prevent us from doing more in this area.*

B,C,

&E. We concur.

D. Reports on security are available on a weekly basis now.

8. Reconciliations

The OA did not prepare their monthly financial summary on a timely basis. As of July 2000, the last monthly financial summary completed was October 1999, indicating the OA was eight months behind in preparing the monthly financial summary. As of August 17, 2000, the OA had completed the monthly financial summary through May 2000 demonstrating that the OA has been able to improve on the timeliness of the monthly financial summary in the last few months.

To prepare the monthly financial summary, the OA reconciles SAM II data from the data warehouse to the State Treasurer's Office monthly cash balance report and the SAM II Monthly Fund Cash Activity Report. The OA reconciles the cash balance but also reviews transactions for possible coding errors to ensure transactions were processed properly. The OA has indicated that most problems encountered when reconciling are due to interagency transactions which have been discussed earlier in this report.

Timeliness of monthly reporting is essential to the monitoring of state activities. By not ensuring monthly financial summary reports are prepared on a timely basis, the state's activities cannot be properly monitored.

WE RECOMMEND the Office of Administration ensure monthly financial summary reports are completed on a timely basis.

AUDITEE'S RESPONSE

We concur.

AUDITOR'S OVERALL COMMENT

The development and implementation of the SAM II system has been and continues to be a significant and complex project for the State of Missouri and the OA. Because of the importance of the SAM II project, further review of its ongoing implementation and operation is needed. While we realize the resources available to resolve all issues relative to SAM II are limited, we will monitor the implementation of recommendations made in this report to ensure these issues are addressed.

This report is intended for the information of the management of the Office of Administration and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

APPENDICES

STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM

APPENDIX I

BACKGROUND

During fiscal year 1995, the state began discussing the need to replace the old accounting system (SAM) with a new integrated accounting system. The state decided to purchase a software package from a vendor that would be upgraded periodically. In addition, the State of Missouri wanted an integrated system that would incorporate various areas such as accounting, budget, payroll, procurement, fixed assets, leave accrual, etc.

The state issued a request for proposal to obtain bids for a new accounting system. In April 1997, the state awarded the contract to American Management Systems. On July 1, 1999, SAM II was implemented as the state's accounting system.

As of January 1, 2000, SAM II contracted expenses with the vendor totaled approximately \$29 million, excluding the Missouri Department of Transportation. The SAM II contracted expenses for the Missouri Department of Transportation were approximately \$14 million. In addition, numerous hours were spent by state employees on SAM II but these costs were not identified as SAM II expenditures. Also, some state agencies needed to upgrade their computer equipment for SAM II. However, these computer equipment expenditures were also not specifically identified as SAM II expenditures.

STATEWIDE ADVANTAGE FOR MISSOURI (SAM II) SYSTEM

APPENDIX II

ANALYSIS OF SURVEY RESPONSES

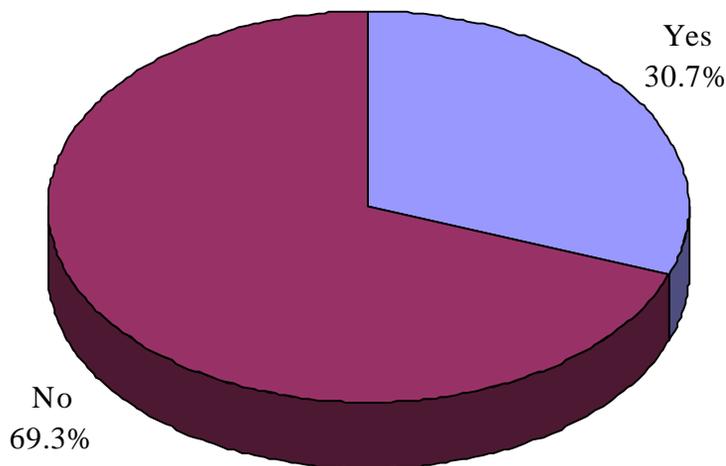
The purpose of our survey was to obtain information regarding the efficiency and effectiveness of the SAM II system. We distributed a survey on March 23, 2000, to the various state agencies who use the SAM II system. We also requested the agency to forward a copy of the survey to other agency personnel that handled SAM II processing.

We received eighty-one responses to the survey which included multiple responses from some state agencies. The surveys were completed by a wide range of users. For example, some surveys were completed by department executives detailing the experiences of the entire department, other surveys were completed by agency personnel indicating views of their staff, while other surveys were completed by individuals expressing their specific experiences with the SAM II system. The broad scope of survey responses provided us with an extensive review of all facets of the SAM II system. The survey responses provided user perspectives as to the success of the SAM II system, as well as problems the users are encountering.

The following is a summary discussion of specific questions that were included in the survey and some positive and critical comments received regarding the SAM II system.

- **Do the standard reports prepared by SAM II provide the information you need for financial management? If not, please explain.**

There appears to be widespread dissatisfaction with the standard reports generated by the system. As indicated in the following chart, over 69% of the responses indicated the standard reports generated by the SAM II system are not meeting their needs.



The users of the SAM II system have had difficulty obtaining detailed information that is specific to the reporting needs of that user. Some of the reports generated by the SAM II system are in a format that is difficult to understand and therefore, not meaningful to the user. Some responses indicated a few beneficial reports were recently developed. However, comments received from some users indicate improvements are still needed in this area:

There are very few standard reports which provide our office with any useful information. The standard reports are primarily "fund" based. Our agency tracks and monitors expenditures at the appropriation level. There is only one report that provides any useful information at the appropriation level, the A400 report. We need month-end appropriation status information.

So many reports provide only summary information, and the detail is not included. Some reports that provide detail information, provide information by fund rather than our specific appropriation from that fund, therefore giving us all transactions statewide from that particular fund all mixed together, which is of no use to us. We need detail for agency/organization/appropriation to get only our transactions. Every document we input has these fields entered, so it does not make sense that we cannot inquire by these fields as well as get a standard report of detail of expenditures, revenues, transfers, purchase order activity and outstanding encumbrances, fund activity and fund balance based on these fields.

What reports? What we received up until two weeks ago was useless.

Monthly reports received are two feet thick. I trash three-fourths of this stack. The one-fourth retained does not meet balancing needs.

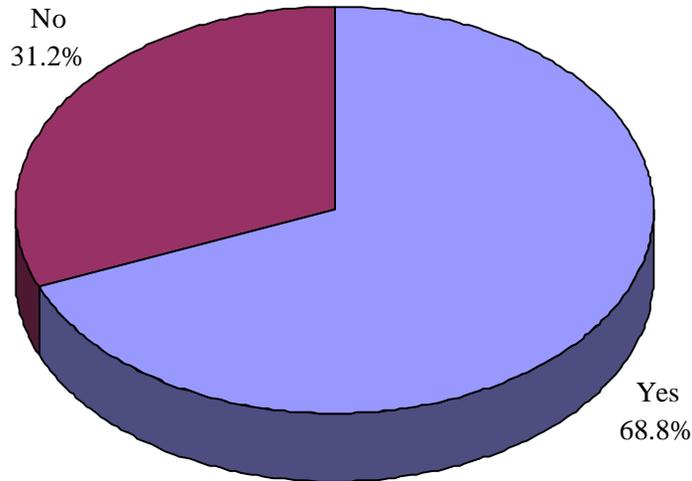
Contrary to the above opinions, some agencies expressed satisfaction with the information provided by the standard reports:

Several of the monthly reports are very useful for fund balancing.

The reports we are currently getting seem to meet our needs, along with the access to the data warehouse.

- **Is your agency using the data warehouse? If so, for what reasons is the data warehouse being used? For example, is the data warehouse being used to generate reports, perform reconciliations, or for other purposes?**

A majority (68.8%) of those responding to the survey indicated they used the data warehouse. However, comments included in the survey responses indicated the data warehouse is difficult to use. In addition, many users indicated they were forced to rely on the data warehouse because the standard reports did not provide them with the information needed.



Some users described the data warehouse as “not user friendly and difficult to use”, while other users described the data warehouse as “the best thing to come out of SAM II”. A few survey responses also indicated the users were discouraged from accessing the data warehouse because of the high cost associated with processing the information in the data warehouse. This financial impact appears to be preventing some agencies from using the data warehouse as the available information resource as originally intended. Some positive comments received include:

We are using the data warehouse to generate reports to monitor expenditures, verify transactions, accumulate data to enter into other systems for cost allocation and grant reporting and to monitor encumbrances. The data warehouse is a positive outcome of SAM II. It has given agency staff the ability to create reports of a detail nature in agency specific format in a timely manner.

We use the data warehouse to generate reports with specific data in formats more easily understood. We find it necessary for financial planning.

Yes, extensively. It is our primary means of providing reports to management.

Some negative comments received include:

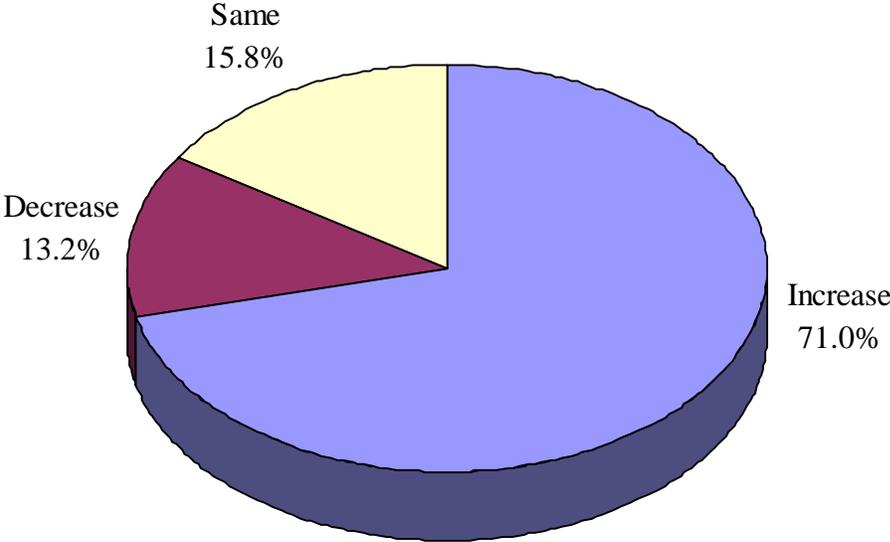
We use the data warehouse sparingly. First of all, the training last year was disastrous. We won't be able to use the data warehouse nearly as much as we would like because of the cost.

Initially we used the data warehouse on a very limited basis, and it will rarely be used by this agency in the future due to the excessive cost involved.

Although I have used the data warehouse to a limited extent I was disappointed. The data doesn't seem to be trustworthy and it is cumbersome.

- **Has SAM II reduced or increased time or staff required to process financial transactions? If increased, please explain.**

The implementation of the SAM II system increased the amount of time and/or personnel required to process financial transactions. As indicated in the following chart, over 70% of the responses indicated that using the SAM II system required more time than was previously necessary using the SAM system.



Reasons given for the increased time and/or staff burden were the SAM II system required more information to be entered and uses more on-line documents. In addition, document approval time has increased because each document must be approved individually instead of being able to approve several documents together as a batch. Also, some agencies reported the slow system response time was an extremely frustrating aspect of the SAM II system. Some comments regarding increased time or staff include:

Time has significantly increased. The difficulty and time involved with processing financial transactions has nearly doubled, requiring the addition of a second fiscal employee to accomplish the workload previously accomplished by one. I am concerned with similar impact with the upcoming conversion to the SAM II payroll system.

Our staff of four account clerks has been increased to seven, and we are still experiencing overtime. Entry time increased approximately five-fold. We migrated from a legacy system which had customized entry screens requiring only keyboard entry to entry screens which require use of both keyboard and mouse.

Time has greatly increased. More people are involved in the process. Approvers may spend 2-3 hours a day opening, reviewing, and approving documents. Managers spend more time helping staff modify transactions and working through system problems. More documents must be processed to get the transaction completed.

System response time is still an issue. It's improved, but we still have some instances where it takes five minutes to approve and run a document.

Some survey responses indicated a decrease in the time and/or staff required to process financial transactions while some survey responses indicated the time required to process financial transactions did not change:

SAM II has reduced the time to process financial transactions. The checks are received in much less time.

SAM II has reduced my staff by two positions.

After a period of adjustment, I believe that staff time for processing in SAM II is about the same as it was with the SAM system.

The system has reduced transaction processing time for some documents and expanded the requirement and time on others. In our opinion, we have changed the way we do business, but not saved work effort.

SAM II has neither reduced nor increased staff time. It has reallocated how the time is spent.

- **What problems is your agency having with SAM II?**

The survey responses indicated there were many problems with SAM II. Many users expressed concerns with specific features of the SAM II system which were not operating efficiently; other users identified general areas of the SAM II system where improvements would be beneficial; and other users indicated the SAM II system is operating smoothly and the users are not experiencing any problems. Some of the problems indicated were related to the SAM II reports, data warehouse, and the increase in time and/or staff needed to process documents which have been commented on in other sections of this appendix. Included below are a few comments in response to this question:

The way the object codes are set up makes it very time consuming to find the object code you need. It would be so much better if they could be compiled in area types. I think the vendor codes need to be compiled as there will be the same vendor code except for the last number, making numerous numbers for the same vendor.

The on-line screen views are very limited. It would be better if more data could be seen at once. If this happened, the trail of a transaction could be followed much easier.

The primary problem has been how to access detailed year-to-date financial information to know exactly the status of a particular appropriation, and at the same time prepare reports in the desired format to meet individual needs.

The system is very slow. The data warehouse is slower than SAM II. Error messages received often require telephone calls to determine problems.

The search for commodity codes takes too long and at times nothing satisfactory is found, which leads to the use of a miscellaneous code.

Commodity codes are very detailed and yet hard to find a fairly general description. We need a good listing of tables and what each provides - this listing needs to be in a good area without having to go through gyrations to find it. Access to the policy and procedures manual is not user friendly.

Numerous vendor numbers exist for the same vendor, indicating the same address, telephone number, etc. in the vendor information file. The decision of which vendor number to use is difficult when so many exist.

Our worst problem is that the detailed error messages could still be more informative - or the system needs a place to look up a very detailed synopsis of the error and corrective actions to take.

At this point, our document processing seems to be running smoothly and appears to be very efficient in all areas of the system. However, one item that seems to be a bit tedious is performing modifications to purchasing documents that require the addition of more than six accounting lines on a document.

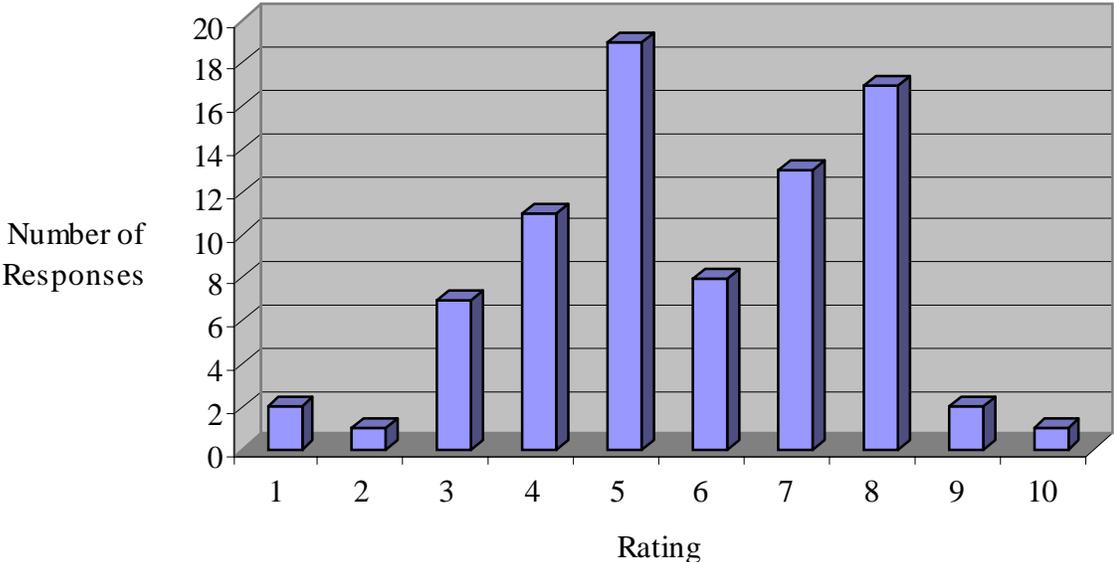
Currently, we do not have any major issues with SAM II. There are many small issues that could be solved with modifications to the system.

None - I just miss receiving all the SAM reports I used to get.

I'm not having any problems other than those I create for others by making mistakes.

- **On a scale of 1 to 10 with 10 being the best, what is your level of satisfaction with SAM II?**

As indicated in the following chart, a wide range of ratings was reported in response to this question. We calculated the average rating to be 5.74 which appears to be consistent with the comments reported by the SAM II users. Some users indicated a rating which included a decimal; for example 7.5. These ratings were rounded to the nearest whole number for graph presentation purposes. While some users reported positive comments relating to specific SAM II features, there were other users who were critical of the same SAM II features.



It is difficult to implement a system which meets the needs of all users. The following comments reinforce this viewpoint and indicate that while some users are progressing well with the SAM II system, other users are extremely disappointed.

Level of satisfaction is 10 except for the need of paper documentation.

Satisfaction with SAM II would be almost a 9, and when the remaining problems are taken care of, I feel it will be a 10.

The system is not fool proof, but it is better than what we have worked with in my 17 years experience. I rank the system 7.5. I think most of the functional problems present in the first six months have been resolved.

I'd say about a 6. A lot of training/learning issues caused much concern initially. Even though I feel there is much room for improvement, I would not want to go back to the old SAM system.

Overall rating of SAM II is 5. The biggest frustration is getting accurate information out of the system.

Our level of satisfaction rating is a 4. The best thing about SAM II is the payments to vendors have speeded up. At the outset of fiscal year 2000, the rating would have been a negative 1. As we come to the end of the fiscal year, the rating now is about a 3. With additional improvements, the rating may improve to a 5 or 6. From what we have been told and our understanding of the capabilities of the system, we do not feel SAM II will ever reach a 9 or 10 rating.

Our level of satisfaction rating is a 1. We purchased a cheap system and we got a cheap system. The biggest concern of everyone when we started this process several years ago was that any new system would eliminate the problem of having separate stand alone systems to obtain financial information. We were promised that the new system would provide any information we needed. It didn't. This entire system is outdated.

Other Comments:

Included below are a few other comments from the survey responses. These comments are included to provide a variety of viewpoints relating to the overall satisfaction of users with the SAM II system:

Even though I'm very far behind and still have a lot to learn – I am relatively happy with the system. There are some things much easier and faster and others much harder and slower. It's change.

It's okay, could be better, but could be worse. It takes time. In my position I do lots of jobs, and SAM II could be an entire job in itself. It works, after you get use to all of its quirks, however, it isn't particularly a user friendly system.

The system is too complex, too cumbersome, and too time consuming. There is no reason to take something simple (writing someone a check and adding up the amount you have spent) and make it complex. Unfortunately, I would use less time in keeping track of the money with a pencil and a ledger.

Slow response time is the biggest problem we have with SAM II. The daily challenge of SAM II is that it is slow. SAM II has a tendency to kick a user out without warning. The system downtime is a great inconvenience to work.

Although the SAM II system has many new features, users feel SAM II is more complex and labor intensive. In addition, while users are generally happy with more timely and greater access to on-line information, the users find the standard reports unsatisfactory and the data warehouse difficult to use. Furthermore, some users believe that charging agencies for use of the data warehouse discourages use and decreases the benefits of greater availability of information. While there are many benefits to the new SAM II system, users have identified a few areas where improvements are desired. Based on the survey responses reviewed, some users are satisfied with the SAM II system, while some users are not satisfied.

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